

MEMORANDUM

Date: April 20, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Phil Santer, Project Specialist
Packaging Team

Subject: Briefing Memo – The Minacs Group (USA) INC.
Standard MEGA Credit_

COMPANY NAME

The Minacs Group (USA) INC.
34115 West Twelve Mile Road
Farmington Hills, Michigan

HISTORY OF COMPANY

The Minacs Group (USA) INC. (“Minacs”) is a business process outsourcing company focused on Fortune 500 clients. The Minacs Group (USA) INC., based in Michigan, is a wholly-owned subsidiary of Aditya Birla Minacs Worldwide, Inc., which is based in Canada. Minacs provides marketing solutions, finance and accounting outsourcing, and contact centers for businesses in various industries, including manufacturing, finance, insurance, and others.

Minacs has over 13,000 employees worldwide and currently has 331 full-time employees in Michigan.

PROJECT DESCRIPTION

Minacs has the opportunity to expand its presence in Michigan through the acquisition of new contracts with firms in the electronics and telecommunications sectors. These projects would provide business process outsourcing services including customer contact centers and other services.

Minacs plans to invest approximately \$11.4 million and create up to 1,928 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$480. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 2,756 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$24.9 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Minacs also operates facilities in Chatham and Mississauga, Ontario, where they have excess capacity that could undertake this project. In addition, Ontario has economic development incentives that could

provide a refundable credit on employees created in certain trades, including job creation being considered by Minacs. Minacs listed other factors that produce a competitive disadvantage between Michigan and their facilities in Ontario.

OTHER STATE AND LOCAL ASSISTANCE

The City of Southfield is supportive of this project and has proposed a three year personal property tax abatement under P.A. 328 of 1998. The estimated value of the incentive is approximately \$208,000 over the term of the abatement. Southfield plans to seek approval of the abatement on May 10, 2010.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 4 years for up to 1,928 net new employees in excess of the company's established base of 426, provided the company meets the following requirement:

- The company must create and maintain at least 750 Qualified New Jobs by the end of the second credit year or the remaining two years will be forfeited.